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# **The two sides of command in organizations: reading Marx again**

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Abstract: In his chapter 13 of the *Capital*, Marx shows that cooperation involves coordination whatever the mode of production is. In his opinion, command in capitalist production has two sides: coordination and exploitation. The main features of command in a democratic organization of production are briefly drawn through this analysis.

Keywords: democratic organization, collective labourer, command, coordination, cooperation, subjection of labour.

JEL codes: B14, D23, L23, L30, P16

In recent literature on “the organization” or “the firm”, be it either capitalist, socialist, democratic or labour managed, etc. it is seldom clear why, and in which terms, someone is exercising command over others. The purpose of this short note is only to recall Marx's analysis of cooperation, which remains particularly essential on this issue<sup>1</sup>. Those who have already read chapter 13 of the *Capital* carefully won't really learn anything new in this paper. After understanding to what extent cooperation involves coordination, whatever the mode of production is, the double nature of command in capitalist production is clarified, which allows us to draw some insights about command in democratic organization<sup>2</sup>.

## **Cooperation and coordination**

In Marx idea, cooperation constitutes the founding feature of capitalist production. It has nothing to do with any normative idea of common good or of common interest: the problem isn't to know whether it is good or not to cooperate. In fact, this notion is only a positive device to design the collective aspect of production. Cooperation opposes itself to individual production, thus

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1 “C'est dans les vieux pots qu'on fait la meilleure soupe” (i.e. “It is in old pots that the best soup is made”).

2 All quotations are picked from the on-line version <http://www.marxists.org/archive/marx/index.htm>

opposing concentration to dispersion of producers:

*A greater number of labourers working together, at the same time, in one place (or, if you will, in the same field of labour), in order to produce the same sort of commodity under the mastership of one capitalist, constitutes, both historically and logically, the starting-point of capitalist production. (...) When numerous labourers work together side by side, whether in one and the same process, or in different but connected processes, they are said to co-operate, or to work in co-operation.*

Concentrating many workers in the same field of labour, even without any other change in the production process (either technical or organizational), leads to more surplus-value than what could be obtained with the same number of workers acting separately. Hence a specific part of the surplus-value comes from the collective aspect of production. To be more precise, on the one hand cooperation cheapens commodities and then indirectly reduces the value of labour-power and, on the other hand, it increases the productive power of the labour force. The first aspect of cooperation, which for us is also the least interesting, is related to increasing returns to scale resulting of fixed costs<sup>3</sup>.

The second aspect of cooperation proceeds from the simultaneity and combination of individual actions, which form a *collective labourer*. This set of workers is not reducible to the sum of its components because it creates a new force:

*Just as the offensive power of a squadron of cavalry, or the defensive power of a regiment of infantry is essentially different from the sum of the offensive or defensive powers of the*

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3 “Even without an alteration in the system of working, the simultaneous employment of a large number of labourers effects a revolution in the material conditions of the labour-process. The buildings in which they work, the store-houses for the raw material, the implements and utensils used simultaneously or in turns by the workmen; in short, a portion of the means of production, are now consumed in common. On the one hand, the exchange-value of these means of production is not increased; for the exchange-value of a commodity is not raised by its use-value being consumed more thoroughly and to greater advantage. On the other hand, they are used in common, and therefore on a larger scale than before. A room where twenty weavers work at twenty looms must be larger than the room of a single weaver with two assistants. But it costs less labour to build one workshop for twenty persons than to build ten to accommodate two weavers each; thus the value of the means of production that are concentrated for use in common on a large scale does not increase in direct proportion to the expansion and to the increased useful effect of those means. When consumed in common, they give up a smaller part of their value to each single product; partly because the total value they part with is spread over a greater quantity of products, and partly because their value, though absolutely greater, is, having regard to their sphere of action in the process, relatively less than the value of isolated means of production. Owing to this, the value of a part of the constant capital falls, and in proportion to the magnitude of the fall, the total value of the commodity also falls. The effect is the same as if the means of production had cost less. The economy in their application is entirely owing to their being consumed in common by a large number of workmen. Moreover, this character of being necessary conditions of social labour, a character that distinguishes them from the dispersed and relatively more costly means of production of isolated, independent labourers, or small masters, is acquired even when the numerous workmen assembled together do not assist one another, but merely work side by side. A portion of the instruments of labour acquires this social character before the labour-process itself does so.”

*individual cavalry or infantry soldiers taken separately, so the sum total of the mechanical forces exerted by isolated workmen differs from the social force that is developed, when many hands take part simultaneously in one and the same undivided operation, such as raising a heavy weight, turning a winch, or removing an obstacle. In such cases the effect of the combined labour could either not be produced at all by isolated individual labour, or it could only be produced by a great expenditure of time, or on a very dwarfed scale. Not only have we here an increase in the productive power of the individual, by means of co-operation, but the creation of a new power, namely, the collective power of masses.*

*(...) the special productive power of the combined working-day is, under all circumstances, the social productive power of labour, or the productive power of social labour. This power is due to co-operation itself.*

This social productive power of labour is created both by emulation and by the simultaneous conjunction of individual forces oriented towards a common objective. At this very primitive level of organization, there is no minute division of labour: the workers either do the same thing or do different crafts in the same field of work. The special productive power of the collective labourer results only from the joint action, which supposes a common goal and a concerted plan. The more the labourers working together are numerous, the more it is necessary to organize the set of simultaneous actions, otherwise disorder could limit the productive effect of actions combination. Cooperation creates a specific need for direction to coordinate individual activities because it is supposed by Marx that decentralisation of individual actions is not able to lead to self-organization. This idea is expressed by the metaphor of the orchestra and the conductor:

*All combined labour on a large scale requires, more or less, a directing authority, in order to secure the harmonious working of the individual activities, and to perform the general functions that have their origin in the action of the combined organism, as distinguished from the action of its separate organs. A single violin player is his own conductor; an orchestra requires a separate one.*

The necessity to coordinate consciously decentralized individual actions reveals Marx's scepticism against ideas of both “invisible hand” and “self organization” stood up for by different traditions such as classical liberalism, proudhonism, anarchism or libertarianism. As opposed to them, Marx considers that coordination requires a specific function with its specific skills. The simple cooperation, which creates this “*work of directing, superintending, and adjusting*”, exists even before the capitalist era in all civilizations but it is then employed only sporadically to raise dolmens, pyramids, cathedrals or temples. Therefore, the direction function which comes from the need of coordination inherent in simple cooperation is not itself produced by the social organization in which it takes place, it is transhistorical: “*co-operation is a necessary concomitant of all*

*production on a large scale, but it does not, in itself, represent a fixed form characteristic of a particular epoch in the development of the capitalist mode of production*". In other words, the direction function ensuing from the social aspect of production is not proper to the capital. This function is neither capitalist, socialist, democratic or despotic, it is only necessary when many people are working together.

When many labourers are working together, the simultaneity and combination of their actions create a new productive force. This social productive power of labour resulting from the cooperation can exist only if individual actions are properly and consciously coordinated. This specific function of command that consists in coordinating is not in itself despotic. It is not created by a particular exploitation system: it is attested in many different types of societies through out history.

### **The specific features of command in capitalist production**

For Marx, there is nonetheless a specific relation between simple cooperation and capitalism. Whereas pre-capitalist economic systems are characterised by a dispersed and individualised process of production on which reigns the *métier* (i.e. craft, trade or profession), the capitalist mode of production, on the contrary, systematically involves cooperation. There can't be any capitalist form of production without cooperation and therefore capitalist production "*only then really begins (...) when each individual capital employs simultaneously a comparatively large number of labourers*" (Chap. 13, first sentence). This requires that a material condition of central importance has to be reached before : the concentration of the means of production and subsistence into the hands of capitalists has to be large enough to provide them scope to buy the labour force of a great number of workers. The capitalist controls the coordination function proper to cooperation not because he possesses a supposed skill to coordinate well but only because he can afford to set together many workers. He has the power to gather workers and to command them because he already possesses enough funds to do so and not the opposite. As an answer to the numerous authors who, like the classics or the so called "Austrian" tradition, vindicate the figure of the entrepreneur by his alleged natural ability to steer an organization, Marx writes :

*It is not because he is a leader of industry that a man is a capitalist; on the contrary, he is a leader of industry because he is a capitalist. The leadership of industry is an attribute of capital, just as in feudal times the functions of general and judge, were attributes of landed property.*

This systematic use of the cooperation in the capitalist production gives the illusion of the "eternal necessity" of the lords of capital because, on the one hand, the capital pays the labour force individually to each worker and, on the other hand, it appropriates the social productive power of

labour. One could hence come to believe that this additional surplus-value proceeds from the capital.

But especially, Marx reminds us that the capitalist aspect of the production requires to maximise the extraction of a surplus-value, which adds a second element to the direction function disconnected from cooperation as such, it makes the direction function despotic or authoritarian because the labour force has to create as much surplus-value as possible :

*the control of the capitalist is in substance two-fold by reason of the two-fold nature of the process of production itself, which, on the one hand, is a social process for producing use-values, on the other, a process for creating surplus-value in form that control is despotic.*

From the point of view of capital, the labour force has to be exploited as much as possible requiring its subjection and then creating worker resistance. Therefore, in the capitalist production, command is double sided :

- coordination comes from cooperation,
- despotism comes from the capitalist aspect of production.

### **The double nature of command: what about democracy ?**

On a theoretical level, nothing imposes that the direction function required by the collective labourer becomes despotic. Despotism in capitalist production is not intrinsic to the need of coordination imposed by the social aspect of production, it is simply intrinsic to its capitalist feature which requires surplus value to be maximised and imposes therefore subjection of labour to capital. Talking about “democracy in firms” means thus nothing if we do not specify which kind of firm we are talking about and trying to put democracy in capitalist firms amounts to trying to convert lead in gold. Capitalist production is necessarily despotic.

If production is organized on democracy rather than on property, the coordination function doesn't disappear and some classical problems arise : who will be put at this position ? How will the coordinator be chosen and fired ? How to reward him/her ?

Beside the coordination function arises another function which is specific to the democratic form. Just as the capitalist form creates a despotic function of surplus-value extraction distinct from the coordination function, the democratic form creates requirements of justice and formal equality that produce a specific function itself also distinct from the coordination function. This new function has to implement inside the organization as well as possible the democratic requirements of justice and equality otherwise the organization could disappear either because a few would take the power (despotism again) or because of free riding. This function could be called “the democratic rule keeping function”. Again, arises the classical issue of hiring, firing and rewarding someone for

that purpose. Nothing imposes either that the democratic rule keeping function should be joined to the coordination one. On the contrary, one distinctive feature of the democratic organization of production could be that, unlike other forms of organization, the two functions cannot be gathered. Whereas in the capitalist form there is a confusion between the coordination function and the despotic function, in the democratic form the two functions should be clearly separated, formalized and codified.

There is not only one type of command or of “boss” in production. What Marx teaches us is that it is necessary to make a distinction between the need of coordination, which is a technical requirement resulting from the collective aspect of production, and the mode of extraction of surplus value, which is a social requirement resulting from history and thus from class struggle. For him, the specific feature of capitalist command inside the production sphere is that coordination is also systematically carried out by capital owners. This confusion of coordination with capital property makes command in capitalist production despotic. As a consequence, a democratic organization of production would necessarily separate the coordination function from other positions resulting from the requirements of social organisation.